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Pakistan

Cotton and Products

Cotton Update: 2005/06 Crop Production Reviewed 2006

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Report Highlights:

MY 2005/06 cotton production forecast is revised up 12% to 2.132 Million Metric Tons. Domestic consumption and trade volume is anticipated to increase due to expansion & modernization of the textile sector following duty relief by the European Union on some textile products.

Includes PSD Changes: Yes
Includes Trade Matrix: No
Unscheduled Report
Islamabad [PK1]
[PK]

Summary

Pakistan's MY 2005/06 cotton production is forecast at 2.132 Million Metric Tons (MMT), 12 percent higher than earlier estimates based on improved gains from a mild growing season that stretched to December 2006, grower adaptation of improved management practices promoted by Agriculture Ministry, market prices prevailing above the indicative prices and an increased planting of higher producing cotton varieties.

Table 1: Cotton Production, Supply and Demand

Pakistan Cotton							
	2003	Revised	2004	Estimate	2005	Forecast	UOM
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	
Market Year Begin		08/2003		08/2004		08/2005	MM/YYYY
Area Planted	0		0		0		
Area Harvested	3092	3092	3200	3193	0	3000	(1000 HA)
Beginning Stocks	491	491	442	442	808	808	(1000 MT)
Production	1687	1687	2504	2504	0	2132	(1000 MT)
Imports	403	403	218	218	0	325	(1000 MT)
MY Imp. From U.S.	0	0	0	0	0	0	(1000 MT)
TOTAL SUPPLY	2581	2581	3164	3164	808	3265	(1000 MT)
Exports	44	44	131	131	0	34	(1000 MT)
USE Dom. Consumption	2090	2090	2220	2220	0	2511	(1000 MT)
Loss Dom. Consumption	5	5	5	5		5	
TOTAL Dom. Consumption	2095	2095	2225	2225	0	2516	(1000 MT)
Ending Stocks	442	442	808	808	0	715	(1000 MT)
TOTAL DISTRIBUTION	2581	2581	3164	3164	0	3265	(1000 MT)

Production

The MY 2005/06 crop forecast is 2.132 Million Metric Tons (12.54 million 170 Kg local bales). This latest assessment is 12 percent higher than the previous estimate as weather remained mild in the later phase of crop growth from mid August through December, 2005. Potential losses due to heat stress, rains and floods in the earlier part of the season were countered with farmer adaptation of better management practices promoted by the Agriculture Ministry. A surge in market prices over and above the support price helped maintain the interest of the farming community in better crop care. Unrecorded sowing of new cotton varieties also played its role in increasing cotton productivity, with unofficial estimates suggesting 3 to 5

percent of the area in Punjab and 10 to 15 percent of the area in Sindh may have been planted in transgenic cotton. The higher yield suggests an increase in the area planted with new varieties in 2006-2007.

Cotton Arrivals

As of January 15, 2006 cotton arrivals are 15.27 percent lower than arrivals during the corresponding period last year. Total unsold stock with the ginnerers remained at 2.5 million bales against 1.7 million bales for the corresponding period in the previous year. Prices are anticipated to rise due to a domestic shortage in reaching the domestic consumption requirement of 14.5 million bales. As in preceding years the gap will be bridged through imports.

Consumption

Consumption is anticipated to increase 3 percent due to continuing modernization and expansion of the textile sector.

Trade

MY 2004/05 cotton imports remained strong. From July 2004 to June 2005 Pakistan imported 167,501 MT of upland cotton, 20,786 MT of ELS (extra long staple) cotton and 199,451 MT of other cotton. During the same period last year raw cotton exports from Pakistan were 81,726 MT.

In MY 2005/06 cotton imports will increase to bridge the gap between consumption and domestic supplies. Demand for long staple and quality cotton remains strong so that value can be added to products fabricated for the export market. Trade volume will increase further due to relief given by the European Union from an anti-dumping duty placed on some Pakistani textile products.

Stocks

Based on the revised production estimate the level of ending cotton stocks have been increased.

